

HOUSE BILL NO. 292

INTRODUCED BY V. SMALL-EASTMAN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DISTRIBUTION OF OIL AND NATURAL GAS PRODUCTION TAXES TO SCHOOL DISTRICTS; PROVIDING THAT THE AVERAGE NUMBER BELONGING BE USED TO DETERMINE THE DISTRIBUTION OF THE TAXES TO SCHOOL DISTRICTS WITHIN A COUNTY; REMOVING THE REQUIREMENT THAT THE TAXES BE DISTRIBUTED BASED ON MILL LEVY RATIOS; AMENDING SECTIONS 7-1-2111 AND 15-36-332, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-1-2111, MCA, is amended to read:

"7-1-2111. Classification of counties. (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the counties of this state must be classified according to the taxable valuation of the property in the counties upon which the tax levy is made as follows:

(a) first class--all counties having a taxable valuation of \$50 million or more;

(b) second class--all counties having a taxable valuation of \$30 million or more and less than \$50 million;

(c) third class--all counties having a taxable valuation of \$20 million or more and less than \$30 million;

(d) fourth class--all counties having a taxable valuation of \$15 million or more and less than \$20 million;

(e) fifth class--all counties having a taxable valuation of \$10 million or more and less than \$15 million;

(f) sixth class--all counties having a taxable valuation of \$5 million or more and less than \$10 million;

(g) seventh class--all counties having a taxable valuation of less than \$5 million.

(2) As used in this section, "taxable valuation" means the taxable value of taxable property in the county as of the time of determination plus:

(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;

(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal

to 1 ton;

(c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;

(d) that portion of the taxable value of the county on December 31, 1997, attributable to trailers, pole trailers, and semitrailers with a declared weight of less than 26,000 pounds;

(e) the value provided by the department of revenue under ~~15-36-332(7)~~ 15-36-332(6);

(f) 50% of the taxable value of the county on December 31, 1999, attributable to telecommunications property under 15-6-141;

(g) 50% of the taxable value in the county on December 31, 1999, attributable to electrical generation property under 15-6-141;

(h) the value provided by the department of revenue under 15-24-3001; and

(i) 6% of the taxable value of the county on January 1 of each tax year."

Section 2. Section 15-36-332, MCA, is amended to read:

"15-36-332. Distribution of taxes to taxing units -- appropriation. (1) By the dates referred to in subsection ~~(6)(5)~~, the department shall distribute oil and natural gas production taxes allocated under 15-36-331(3) to each eligible county.

(2) (a) Each county treasurer shall distribute the amount of oil and natural gas production taxes designated under subsection (1), including the amounts referred to in subsection (2)(b), to the countywide elementary and high school retirement funds, countywide transportation funds, and eligible school districts according to the following schedule:

	Elementary	High School	Countywide	School
	Retirement	Retirement	Transportation	Districts
Big Horn	14.81%	10.36%	2.99%	26.99%
Blaine	5.86%	2.31%	2.71%	24.73%
Carbon	3.6%	6.62%	1.31%	49.18%
Chouteau	8.1%	4.32%	3.11%	23.79%
Custer	6.9%	3.4%	1.19%	31.25%
Daniels	0	7.77%	3.92%	48.48%
Dawson	5.53%	2.5%	1.11%	35.6%

1	Fallon	0	7.63%	1.24%	42.58%
2	Fergus	7.88%	4.84%	2.08%	53.25%
3	Garfield	4.04%	3.13%	5.29%	26.19%
4	Glacier	11.2%	4.87%	3.01%	46.11%
5	Golden Valley	0	11.52%	2.77%	54.65%
6	Hill	6.7%	4.07%	1.59%	49.87%
7	Liberty	4.9%	4.56%	1.15%	35.22%
8	McCone	4.18%	3.19%	2.58%	43.21%
9	Musselshell	5.98%	4.07%	3.53%	32.17%
10	Petroleum	0	11.92%	4.59%	55.48%
11	Phillips	0.43%	6.6%	1.08%	41.29%
12	Pondera	6.96%	5.06%	1.94%	45.17%
13	Powder River	3.96%	2.97%	4.57%	22.25%
14	Prairie	0	8.88%	1.63%	36.9%
15	Richland	4.1%	3.92%	2.26%	43.77%
16	Roosevelt	9.93%	7.37%	2.74%	40.94%
17	Rosebud	3.87%	2.24%	1.05%	72.97%
18	Sheridan	0	3.39%	2.22%	47.63%
19	Stillwater	6.87%	4.86%	1.63%	41.16%
20	Sweet Grass	6.12%	6.5%	2.4%	37.22%
21	Teton	6.88%	8.19%	3.8%	29.43%
22	Toole	2.78%	4.78%	1.3%	43.56%
23	Valley	2.26%	12.61%	4.63%	41.11%
24	Wibaux	0	4.1%	0.77%	31.46%
25	Yellowstone	7.98%	4.56%	1.07%	52.77%
26	All other counties	3.81%	7.84%	1.81%	41.04%

27 (b) (i) The county treasurer shall distribute 9.8% of the Custer County share to the countywide
 28 community college district in Custer County.

29 (ii) The county treasurer shall distribute 14.5% of the Dawson County share to the countywide
 30 community college district in Dawson County.

(3) The remaining oil and natural gas production taxes for each county must be used for the exclusive use and benefit of the county, including districts within the county established by the county.

(4) ~~(a)~~ The county treasurer shall distribute the school district share of oil and natural gas production taxes to school districts in each county referred to in subsection (2) ~~as provided in subsections (4)(b) through (4)(d)~~ in the proportion that the average number belonging, as defined in 20-1-101, in each school district bears to the total average number belonging in the county for the current school fiscal year.

~~(b) The amount distributed to each K-12 district within the county is equal to oil and natural gas production taxes in the county multiplied by the ratio that oil and natural gas production taxes attributable to oil and natural gas production in the K-12 school district bear to total oil and natural gas production taxes attributable to total oil and natural gas production in the county and multiply that amount by the school district percentage figure for the county referred to in subsection (2)(a).~~

~~———— (c) For the amount to be distributed to each elementary school district and to each high school district under subsection (4)(d), the department shall first determine the amount of oil and natural gas taxes in the high school district that is attributable to oil and natural gas production in each elementary school district that is located in whole or in part within the exterior boundaries of a high school district and multiply that amount by the school district percentage figure for the county referred to in subsection (2)(a).~~

~~———— (d) (i) The amount distributed to each elementary school district that is located in whole or in part within the exterior boundaries of a high school district is equal to the amount determined in subsection (4)(c) multiplied by the ratio that the total mills of the elementary school district bear to the sum of the total mills of the elementary school district and the total mills of the high school district.~~

~~———— (ii) The amount distributed to the high school district is equal to the amount determined in subsection (4)(c) multiplied by the ratio that the total mills of the high school district bear to the sum of the total mills of each elementary school district referred to in subsection (4)(c) and the total mills of the high school district.~~

(5) (a) Oil and natural gas production taxes calculated for each school district under subsections (4)(b) through (4)(d) must be distributed to each school district in the relative proportion of the mill levy for each fund.

~~———— (b) If a distribution under subsection (5)(a) exceeds the total budget for a school district fund, the board of trustees of an elementary or high school district may reallocate the excess to any budgeted fund of the school district.~~

(6)(5) The department shall remit the amounts to be distributed in this section to the county treasurer by the following dates:

1 (a) On or before August 1 of each year, the department shall remit to the county treasurer oil and natural
2 gas production tax payments received for the calendar quarter ending March 31 of the current year.

3 (b) On or before November 1 of each year, the department shall remit to the county treasurer oil and
4 natural gas production tax payments received for the calendar quarter ending June 30 of the current year.

5 (c) On or before February 1 of each year, the department shall remit to the county treasurer oil and
6 natural gas production tax payments received for the calendar quarter ending September 30 of the previous
7 year.

8 (d) On or before May 1 of each year, the department shall remit to the county treasurer oil and natural
9 gas production tax payments received for the calendar quarter ending December 31 of the previous year.

10 ~~(7)~~(6) The department shall provide to each county by May 31 of each year the amount of gross taxable
11 value represented by all types of production taxed under 15-36-304 for the previous calendar year multiplied by
12 60%. The resulting value must be treated as taxable value for county classification purposes under 7-1-2111.

13 ~~(6)~~(7) The distribution to taxing units under this section is statutorily appropriated, as provided in
14 17-7-502, from the state special revenue fund."

15
16 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2005.

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